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Business owners decidedly keep estate plans quiet — here's why
By Rob Burgess
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Private business owners have overwhelmingly decided to create estate plans, but almost as many say they have had trouble communicating them to their families.

And a large percentage of those said a major factor was that they didn't see eye to eye with their heirs.

The second annual Private Business Owners Survey by Brown Brothers Harriman, released Tuesday, involved 400 private business owners from U.S. enterprises valued at over $10 million.

Every one of these private business owners said they had an estate plan, and 91% report their plan is aligned with their values.

However, 97% report some factors have prevented them from communicating their estate plans to family.

Over a third, 36%, of private business owners said their family's values are different from the values of the family business.

Glenn J. Downing, founder and principal of CameronDowning in Miami, said his estate planning is "none of my children's business."

"They'll find out soon enough when I'm gone," he said. "I tell clients never to depend upon a possible inheritance, and that we won't plan for one until the wire hits the checking account. There are any number of variables that could cause me to change my mind between now and the day I assume room temperature. Furthermore, I don't want to stifle initiative on my children's part because they expect to be on Easy Street."

However, Downing said if a family business is involved, then there are succession plans that need to be in place, perhaps evening out the estate when one child receives a majority interest in the business.

"For these clients, they should ideally consider planning for the business transfer and getting their personal estate plans in order as one unified effort," he said.

These issues extend far beyond those with a family business to pass down. Similar misalignments of values can plague client families across the demographic spectrum.

No one likes to think about death

MaryAnne Gucciardi, a financial advisor at Wealthmind Financial Planning in Cambridge, Massachusetts, said starting conversations with children early about financial wishes is essential, "much like discussing sensitive topics such as the birds and the bees."

"It's uncomfortable, but not addressing it can lead to misaligned expectations and confusion about your intentions," she said.

Most people don't have an estate plan because it's difficult to consider their mortality unless an urgent health concern, like a terminal illness, forces the issue, said Logan Queck, founder of Total Wealth in West Des Moines, Iowa.

"Heirs can feel greedy asking," he said. "Send a letter or let us handle the conversation."

But death can't be avoided indefinitely, as Megan Kopka, managing partner at Apprise Wealth Management in Phoenix, Maryland, knows from first-hand experience.

"We are a death-denying culture," she said. "People must get more comfortable with death and dying. We aren't promised tomorrow."

Her husband, Keith, died when their two children were in their teenage and tween years.

"My children, within a week of turning 18, were signing and notarizing the healthcare proxy and advanced directives," she said.

Lack of communication creates distrust

Jason Gilbert, founder and managing partner of RGA Investment Advisors in Great Neck, New York, said for too many families, money is a topic avoided until it's too late, leading to misunderstandings and conflicts among heirs.

"As advisors, we should guide clients to fully understand their financial picture and encourage open communication with their family," he said. "It's also important to involve heirs — especially children — in the planning process earlier, so they understand the intentions and values behind the estate."

Encouraging clients to write down their wishes ensures that funds set aside for priorities such as long-term care or charitable giving are honored, reducing the potential for miscommunication, said Gucciardi.

"One of the main causes of communication breakdowns in estate planning is avoidance, driven by the discomfort around discussing death, money or family dynamics," she said. "Another driver is the assumption that family members will intuitively know or agree with your intentions, which is rarely the case without clear dialogue."

Kath Derisson, founder of Fyvie Financial in Omaha, Nebraska, said advisors with older clients encourage creating a family meeting to discuss estate plans.

"We have also created a folder in their client portal where we tell them to upload copies of all estate documents and any statements for bills and medical insurance, etc., so we have all the policy numbers handy," she said. "Therefore, should anything happen, the family members have been introduced to us and know we can help them locate anything that is needed and facilitate some of the financial side."

Advisors can play a key role in helping clients work through these challenges by facilitating these conversations early and often, ensuring clients feel supported in voicing their concerns, said Gucciardi.

"I begin the planning process with a values exercise, which helps clarify core beliefs and priorities, laying a strong foundation for future decisions," she said. "It's also important to guide clients in addressing potential misalignment between their values and those of their heirs. Advisors can help clients identify core values, document them in estate plans and consider mechanisms, like trusts, to ensure their intentions are respected even if heirs' values differ."

Tracy L. Sherwood, founder of Sherwood Financial Management in Clarence, New York, said estate planning comes down to what values are important to the client.

"Help clients to reflect, 'Did they inherit money from anyone, and what did that mean to them or what would they have liked to know?' This is a good place to start," she said. "When family members are unable to share their thoughts and communicate openly, it can create distrust and disconnection. Encourage discussion about thoughts and concerns and strategize a tailored approach to foster open communication with their family and their estate plan."

Collin Lyon, wealth strategy advisor at Anderson Financial Strategies in Dayton, Ohio, said parents often worry about telling their children how much their inheritance might be.

"I tell clients to leave dollars and cents out of the conversation," he said. "Keep it centered around the values and lessons you learned while you accumulated the money. Talk about the sacrifices you made and the work you put in to grow that wealth. Often, communicating the path you took to build your wealth rather than how much that wealth is worth helps make the discussion more of a heart-to-heart chat and can take greed out of the equation."

A third-party perspective can be beneficial

Rebecca Conner, founder of SeedSafe Financial in Austin, Texas, said a misalignment of values means it's time to bring in a third party to mediate.

"It's better to learn about these issues, and possibly create new perspectives

before someone is left stewing over what happened once it's too late," she said.

David J. Hunter, owner and lead advisor of First Light Wealth in Hershey, Pennsylvania, said advisors should maintain a relationship with an estate planning attorney who can help breed collaboration.

"Many attorneys are open and appreciative of me attending the meeting," he said. "Clients love this as it eliminates them being the 'middleman' with communication."

Edward Jastrem, chief planning officer for Heritage Financial in Westwood, Massachusetts, said many clients view their estate plan as their attorney's responsibility and their financial plan as their advisor's responsibility, with no real cross-over.

"As advisors, you can help bridge this gap by educating the client on the importance of having the two work together," he said. "Once a solid estate plan is in place, working with the client and their attorney on funding the plan is essential."

Rodney M. Loesch, senior partner at LifeGoals Strategies Group in Lee's Summit, Missouri, said a lack of candidness with heirs about the reasoning behind their decisions is the cause of many communication issues.

"Sometimes they don't want to rock the proverbial boat now, and think things will work themselves out in the future, maybe after their demise," he said. "I have seen successful communications when the advisor has a 'rehearsal' of the meeting and coaches the narrative."